

Oct 02, 2017

SEAN F. McAVOY, CLERK

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON

UNITED STATES,

Plaintiff,

v.

JENNIFER SALGADO; JENNY'S
TAX SERVICES,

Defendants.

No. 16-CV-3186-SMJ

**ORDER OF PERMANENT
INJUNCTION**

Before the Court, without oral argument, is the parties' Stipulated Motion for Entry of Final Judgment and Orders of Permanent Injunction, ECF No. 37. On October 25, 2016, the United States filed a complaint alleging that Defendants Jennifer Salgado and Jenny's Tax Services (collectively "Defendants") have engaged in a pattern of claiming on behalf of their customers false or inflated dependency exemptions and false or inflated Additional Child Tax Credits.

The parties stipulate to resolve this matter through this Stipulated Order of Permanent Injunction against Jennifer Salgado and Jenny's Tax Services. Defendants represent that they waive the entry of findings of fact and conclusion of law under Federal Rule of Civil Procedure 52 and 26 U.S.C. §§ 7402, 7407, and 7408. Defendants further represent that they understand and agree that this order

1 will be entered under Rule 65 and will constitute the final judgment in this matter
2 and further agree that they waive any right they may have to appeal from the entry
3 of this Order. Defendants further understand that if they violate the Stipulated
4 Orders, they may be found to be in contempt of court and may be sanctioned.

5 Accordingly, **IT IS HEREBY ORDERED:**

6 **1.** The parties' Stipulated Motion for Entry of Final Judgment and Orders
7 of Permanent Injunction, **ECF No. 37**, is **GRANTED** pursuant to
8 U.S.C. § 7402, 7407 and 7408.

9 **2.** Jennifer Salgado (individually and doing business under any other
10 name or entity) is hereby **PERMANENTLY ENJOINED**, directly or
11 indirectly from:

12 **A.** Acting as a federal tax return preparer or requesting, assisting
13 in, or directing the preparation or filing of federal tax returns for
14 any person or entity other than herself or a legal spouse;

15 **B.** Representing, or assisting in the representation of, any person or
16 entity, other than herself or a legal spouse, before the IRS;

17 **C.** Instructing, advising or assisting others to violate the tax laws
18 including to evade the payment of taxes;

19 **D.** Owning, managing, controlling, working for, investing in,
20 profiting from, or volunteering for any business or entity

1 engaged in tax-return preparation and/or tax advice, or from
2 maintaining a professional presence in any premises, whether an
3 office, place of business, dwelling, or other location, where tax
4 returns are being prepared for a fee or professional tax services
5 are being provided, except that, to divest herself from the tax
6 return preparation business, Jennifer Salgado may sell Jenny's
7 Tax Services within 180 days, the terms of which sale must be
8 approved in writing by the United States Department of Justice
9 prior to closing;

10 *E.* Engaging in any activity subject to penalty under 26 U.S.C.
11 § 6694, such as preparing federal income tax returns that
12 understate tax liabilities;

13 *F.* Engaging in activity subject to penalty under 26 U.S.C. § 6701,
14 such as assisting in, procuring, or advising with respect to the
15 preparation of any portion of a return, affidavit, claim, or other
16 document, when knowing or having reason to believe that the
17 relevant portion will be used in connection with a material
18 matter arising under the internal revenue laws, and knowing that
19 the relevant portion will result in the material understatement of
20 another person's tax liability; and

G. Engaging in any other conduct that interferes with the administration and enforcement of the internal revenue laws.

3. Jenny's Tax Services, and its officers, employees, representatives, agents and any other person in active concert or participation it, are hereby **PERMANENTLY ENJOINED**, directly or indirectly from:

A. Engaging in activity subject to penalty under 26 U.S.C. § 6694, such as preparing federal income tax returns that understate tax liabilities;

B. Engaging in activity subject to penalty under 26 U.S.C. § 6701, such as assisting in, procuring, or advising with respect to the preparation of any portion of a return, affidavit, claim, or other document, when knowing or having reason to believe that the relevant portion will be used in connection with a material matter arising under the internal revenue laws, and knowing that the relevant portion will result in the material understatement of another person's tax liability; and

C. Engaging in any other conduct that interferes with the administration and enforcement of the internal revenue laws.

4. For a period of four years from the date this Injunction is entered, Jenny's Tax Services shall hire, at its own expense, a neutral monitor

(an enrolled agent or certified public accountant), to be selected by Jenny's Tax Services and approved by a representative designated by the United States Department of Justice, or by the Court if Jenny's Tax Services and the United States cannot agree, to review its tax return preparation work and to provide periodic reports to the United States regarding Jenny's Tax Services' compliance with this Injunction. The neutral monitor shall be an outside person or entity and shall:

A. Commence monitoring on the day before Jenny's Tax Services begins preparing or filing federal tax returns for others during each tax season and cease monitoring activities no earlier than April 15 of each year (the "Annual Monitoring Period"). Jenny's Tax Services is enjoined from operating a tax return preparation business without a neutral monitor in place during the Annual Monitoring Period;

B. Have access to all records, employees, and customers of Jenny's Tax Services, including permission to observe customer interviews conducted by Jenny's Tax Services' tax return preparers;

C. Randomly select, inspect, and review a sample of thirty (30) federal tax returns prepared and signed by Jenny's Tax Services,

1 its independent contractors, or its employees, along with the
2 corresponding customer files to ensure substantiation of
3 information reported on each return (including substantiation of
4 Additional Child Tax Credits, where applicable), and to monitor
5 compliance with this Injunction. The neutral monitor will select
6 the sample from a list provided by Jenny's Tax Services, which
7 will consist of a complete listing of tax returns prepared and
8 signed by Jenny's Tax Services, its independent contractors, or
9 its employees during the Annual Monitoring Period; and

10 **D.** Provide a written report to the designated representative of the
11 United States, within thirty days of completion of the Annual
12 Monitoring Period, setting forth in detail the manner and form
13 in which Jenny's Tax Services has or has not complied with the
14 terms of this Injunction, including the results of the review of
15 tax returns, the identity of any customers whose tax returns fail
16 to comply with the terms of this Injunction, and the identity of
17 those tax-return preparers who returned those non-compliance
18 returns, as well as the amount of fees or other amounts charged
19 to each customer, and any other findings.
20

1 **5.** The United States may conduct post-judgment discovery, in
2 accordance with Federal Rules of Civil Procedure for the purpose of
3 monitoring good faith compliance with this Order.

4 **6.** Approval and entry of this Order resolves only this civil litigation
5 action, and neither precludes the United States from pursuing any other
6 current or future civil or criminal matters or proceedings, including the
7 administrative assessment of any penalties under 26 U.S.C. §§ 6694 or
8 6695, nor precludes Defendants from contesting liability in any such
9 matter or proceeding.

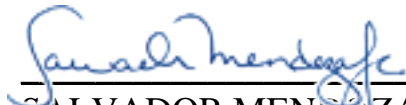
10 **7.** This Court shall retain jurisdiction for the purpose of implementing
11 and enforcing this Order.

12 **8.** Each party will bear its respective costs, including any fees or other
13 expenses of this litigation.

14 **9.** The Clerk's Office is directed to **CLOSE** this file.

15 **IT IS SO ORDERED.** The Clerk's Office is directed to enter this Order and
16 provide copies to all counsel.

17 **DATED** this 2nd day of October 2017.

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19 _____
20 SALVADOR MENDOZA, JR.
 United States District Judge